

House Finance Committee Tax Preference Study Subcommittee

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Sales and Use Tax Expenditure Study 1989 - 1995

- The Sales and Use Tax Expenditure Study (“SUTES”) was recommended a by Joint Subcommittee
 - Joint Subcommittee Studying Retail Sales and Use Tax Exemption Legislation
 - The 1989 Implementing Legislation:
 - Grouped statutory exemptions to facilitate study
 - Specified the criteria to be included in the report
 - Mandated study of all exemptions on a 5-year cycle
 - Required legislators proposing new exemptions to submit a questionnaire with the same information required by the study

Sales and Use Tax Expenditure Study 1989 - 1995

- TAX conducted SUTES from 1989 to 1995
 - Studied all sales tax expenditures
 - Required five years for full study
 - Required extensive surveys and research
 - Required about 5 analysts and economists
 - Plus clerical and supervisory time
 - Significant printing and postage budget
 - Revenue Information Requires Detailed Surveys
 - Sales tax returns do not itemize deductions and exemptions
 - Audit procedures focus on generating compliance revenue
 - Capturing exemption data would reduce efficiency & revenue

Sales and Use Tax Expenditure Study 1989 - 1995

- Report on each tax expenditure included:
 - Authorization and Summary
 - Rationale And Background
 - Legislative History
 - Scope
 - Court Cases
 - Related Exemptions
 - Revenue Analysis
 - Other Considerations
 - Exemptions in Other States
 - Beneficiaries v. Similarly Situated Taxpayers
 - Other State & Local Tax Burdens
 - Direct Or Indirect Government Assistance
 - External Mandates

Results

- The 1989 – 1995 Studies Were Published
- Interest in the Published Studies Was Limited
- The Studies Had Little Impact
 - Only one exemption was repealed
 - The enactment of exemptions increased after the criteria were developed in 1989
- The Study Was Repealed in 1995